GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Andhra Pradesh Electricity Duty Act, 1939 – Levy of duty on certain sales of energy under Section 3 (1) of the A.P. Electricity Duty Act, 1939 - Notification – Issued.

ENERGY (POWER-III) DEPARTMENT

G.O.Ms.No.7 Dated:08/04/2022

Read the following: -

1. Andhra Pradesh Electricity Duty (Amendment) Act, 2003 (A.P. Act No.14 of 2003).
2. The Electricity Act, 2003.
3. Act 10 of 2021, Andhra Pradesh Electricity Duty (Amendment) Act, 2020.

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ORDER: -

Whereas State Government levied electricity duty @ 6 paise per unit on all the sales of electrical energy from the year 1994, except to the exempted categories; and whereas, sub section (1) of Section 3 of Electricity Duty Act 1939 as amended by Act 10 of 2021, empowered the State Government to notify the rate of electricity duty from time to time to be paid by different consumer categories Consumers on energy sales.

2. Whereas, in other States like Maharashtra, Madhya Pradesh, Karnataka, Odisha, Tamil Nadu, West Bengal, Gujarat and Kerala the electricity duty is as a percentage of consumption charges. Precisely, in the States of Gujarat, Karnataka, Madhya Pradesh, Maharashtra, Himachal Pradesh, Kerala, Manipur, Punjab, West Bengal and Jammu & Kashmir the rate of duty is from 14 paise to 180 paise per unit sale of energy, whereas in the State of Andhra Pradesh, electricity duty is being levied @ 6 paise per unit only on all the sales of electrical energy from the year 1993 except the exempted categories.

3. Whereas, Post bifurcation of the erstwhile State of Andhra Pradesh, the successor State remained a predominantly agrarian one, with the agriculture sector contributing to 35.47% as per the advance estimates of GVA for the financial year 2021-22. Owing to the requirement of providing the necessary support to the agriculture sector, the State exchequer is

having to endure a huge burden, in the form of agriculture subsidy to the State Distribution Utilities.

4. Whereas, the gap between the ARR (Average Revenue Realization) and ACOS (Average Cost of Supply) has widened significantly over the years, increasing the subsidy requirement from Rs. 2,607 crores in financial year 2014-15 to Rs. 11,123 crores in financial year 2022-23. The Average Cost of Supplying power approved by the Andhra Pradesh Electricity Regulatory Commission, has increased by 29.26% over the last seven years. A key reason that has primarily contributed to this increase in cost of service is the substantial increase in debt of the State public sector undertakings in power sector, over the period 2014-19. Inadequate release of subsidy during the period 2014-19 has also resulted in the Distribution utilities and AP GENCO availing huge working capital liabilities to sustain operations. Cost associated with servicing of this debt was partly allowed by APERC while determining the tariff and this has contributed to an increase in the subsidy component. If the disallowed portion is also taken into consideration, the subsidy requirement from the Government is higher.

5. Whereas, the economic recovery from the Covid – 19 pandemic led disruptions has resulted in a steep rise in the demand for power and the coal production in the Country is not adequate to meet the higher requirements of the thermal power plants, leading to increase in cost of power available in power exchanges. Added to this, the geopolitical tensions have resulted in an unprecedented surge in the costs of import coal and also the crude oil prices, indirectly impacting the mining costs of coal. Owing to these reasons, the subsidy burden on the Government is likely to be higher than what is anticipated. In view of the above, there is imperative need for the State Government to augment revenue by tapping all available sources.

6. Whereas, due to the above compelling reasons, State Government have felt the inevitable need to enhance the electricity duty.

7. Now, therefore, the Government have decided to revise electricity duty on energy sales for different categories of Consumers in exercise of the powers conferred by Sub-section (1) of Section 3 of the Andhra Pradesh Electricity Duty Act, 1939.

8. Accordingly, the following notification will be published in the extraordinary issue of Andhra Pradesh Gazette:

NOTIFICATION

In exercise of the powers conferred by sub section (1) Section 3 of the Andhra Pradesh Electricity Duty Act, 1939, the Government of Andhra Pradesh hereby levy an electricity duty of 1(one) rupee per kWh(unit) on energy sales for the Commercial & Industrial Consumers as indicated in the

relevant yearly Retail Supply Tariff Order issued by Hon'ble APERC. For Domestic Consumers, the existing electricity duty of 6 paise per kWh(unit) shall continue to be levied, while Agriculture consumers shall be exempted from levy of any such duty.

9. The notification shall come into force with immediate effect.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

B SREEDHAR
SECRETARY TO GOVERNMENT

To
The Commissioner of Printing, Stationary, Stores & Purchase (Printing Wing), Government Regional Press Building, 1st Floor, Mutyalampadu, Vijayawada (with a request to publish the notification in the Extraordinary issue of A.P. Gazette, immediately) and supply of 1000 copies to Government.
The Director Electrical Safety & Chief Electrical Inspector to Government of A.P., Guntur.
The Secretary, Andhra Pradesh Electricity Regulatory Commission, Hyderabad.
The Chairman & Managing Director, APTRANSCO, Vijayawada.
The Chairman & Managing Directors, APEPDCL/ APCPDCL/APSPDCL, Visakhapatnam/Vijayawada/Tirupati.
The Vice Chairman & Managing Director, NREDCAP, Tadepalli, Guntur (Dt).
All the District Collectors.
The Commissioner of Industries, Vijayawada.
SF/SC.

//FORWARDED BY ORDER//

SECTION OFFICER

Signed by Vulli Srinivasa Rao
Date: 08-04-2022 17:34:44
Reason: Approved